

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2007-171-E - ORDER NO. 2008-529

JULY 30, 2008

IN RE: Application of South Carolina Electric and Gas Company for Implementation of Time-of-Use Rates for Residential and Commercial Customer Classes	)	ORDER APPROVING
	)	REVISED RATE 28 AND
	)	DECLARATION OF RATE
	)	AS EXPERIMENTAL
	)	
	)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) for consideration of approval of South Carolina Electric & Gas Company’s (“SCE&G’s” or “the Company’s”) revised electric Rate 28.

On March 20, 2008, SCE&G informed this Commission that it had conducted a review of its voluntary time-of-use electric rate offering entitled “Rate 28, Small General Service, Time-of-Use Demand” (“Rate 28”) to examine whether the rate would perform as originally intended. After completing its examination, SCE&G discovered that Rate 28 would not function as intended with respect to revenue neutrality. At the Company’s request, the Commission suspended Rate 28 indefinitely, effective March 20, 2008, with the understanding that a revised Rate 28 would be proposed expeditiously.

As part of its revenue neutrality evaluation, the Company discovered that a number of customers who were currently subscribing to other electric rates could switch to Rate 28 and pay less for the same amount of energy that they consumed under their current rate schedule. In its original design of Rate 28, SCE&G did not intend for

customers to switch to Rate 28 and not change their load characteristics, according to SCE&G. The Company asserts that, to the contrary, it designed Rate 28 as an energy conservation rate option in an attempt to encourage customers to shift or shed demand during peak periods. The Company states that the purpose would be defeated if customers did not change their load characteristics after subscribing to Rate 28. SCE&G also notes that, if customers could switch to Rate 28 and pay less for the same amount of energy consumed under their current rate schedule, then the Company would experience revenue erosion that would eventually lead to other customers paying more for electric service in order to account for the revenues lost as a result of customers migrating to Rate 28.

The Company informed the Commission that it was evaluating various rate design options to correct the deficiencies in Rate 28 and anticipated that it would submit to the Commission for approval either revisions to Rate 28, or a new voluntary time-of-use electric rate offering. SCE&G has now completed its evaluation of Rate 28 and has submitted for approval revisions to Rate 28 (“Revised Rate 28”).

In redesigning Rate 28, the Company (i) used updated billing data for the twelve-month period ending December 2007; (ii) used retail electric rates effective May 2008, which included adjustments made to base rates pursuant to Commission Order Nos. 2007-855 and 2008-323 issued after Rate 28 was originally approved; and (iii) tested the redesign of Rate 28 against a wide variety of customer load characteristics and against the numerous rate options available within the small and medium general service customer classes. In addition, the Company lowered the maximum demand to 100 kilowatts (“kW”) to match the kW limit set forth in SCE&G’s net metering tariff and placed a limit

on the number of non-net metering customers who may subscribe to Revised Rate 28 to twenty-five (25).

SCE&G states that by making these revisions and redesigning the structure of the rate, it has eliminated the concerns identified under the original version of Rate 28 as described above. Further, the Company asserts that Revised Rate 28 will still assist customers who subscribe to it by providing them with rate information that they may not have otherwise had in the past to help them decide whether to shift or shed demand during peak periods. SCE&G states that such information will benefit the Revised Rate 28 customer by allowing them to shift demand to coincide with lower rates. Also, the Company notes that Revised Rate 28 can benefit all SCE&G customers by reducing peak load, which, in turn, can reduce the need for additional generation capacity.

Further, in light of the redesign of Rate 28, SCE&G also seeks approval to have Revised Rate 28 designated as experimental so that if any additional revisions to the rate become necessary they can be made pursuant to the provisions of S.C. Code Ann. Section 58-27-870 (F) (Supp. 2007).

We would note that the Office of Regulatory Staff (“ORS”) has reviewed this request and states that the revisions are consistent with this Commission’s ruling in Order No. 2008-416 in reference to SCE&G’s net metering tariffs. ORS has no objection to the request, but recommends that the Rate be made effective for service rendered on and after the first billing cycle in August 2008 to allow sufficient time for the Company to make the Rate available. In addition, ORS recommends that the Company contact the nine customers who previously requested service under Rate 28 prior to its suspension and

make them aware of the availability of Revised Rate 28. Further, ORS states that the Company should continue to monitor and evaluate Revised Rate 28 to assure that it is functioning as intended.

We have examined Revised Rate 28 and approve it as filed, for the reasons stated above. We also hold that the Revised Rate 28 shall be designated as experimental, so that revisions can be made subject to the cited statute. In addition, we adopt the recommendations of the Office of Regulatory Staff. The rate shall be effective for service rendered on and after the first billing cycle in August 2008. Further, the Company shall contact the nine customers who previously requested service under Rate 28 prior to its suspension, and make them aware of the availability of Revised Rate 28. Also, we agree and hold that the Company should continue to monitor and evaluate Revised Rate 28 to assure that it is functioning as intended.

The Company shall file ten (10) copies of Revised Rate 28 with the Commission and ORS within ten (10) days of its receipt of this Order.

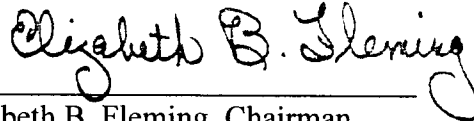
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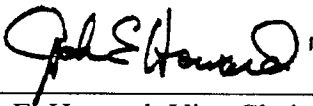
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Elizabeth B. Fleming, Chairman

ATTEST:



John E. Howard, Vice Chairman

(SEAL)